

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: MWRA Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Revised Appropriation for Fiscal Year 2019 and Funding Schedule Approval

DATE: June 1, 2018

Revised Appropriation for FY19: **\$7,000,000**

This Commission is hereby furnishing you with the revised amount to be appropriated for your retirement system for Fiscal Year 2019, which commences July 1, 2018.

This amount revises the figure shown in our November 27, 2017 memorandum based on the funding schedule recently adopted by the Board. The schedule is effective in FY19 and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666 - 4446, extension 921.

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**FUNDING SCHEDULE 1 – 7.5% INVESTMENT RETURN ASSUMPTION
FY 2019 APPROPRIATION SET TO \$7.0 MILLION AND INCREASES 4.5% THEREAFTER
FULLY FUNDED IN 2026**

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization Payment	(4) Total Plan Cost (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Total Cost
2019	\$2,872,720	\$4,127,280	\$7,000,000	\$28,728,928	--
2020	2,977,344	4,337,656	7,315,000	28,446,772	4.50%
2021	3,085,888	4,558,487	7,644,175	23,767,299	4.50%
2022	3,197,884	4,790,279	7,988,163	20,649,473	4.50%
2023	3,314,064	5,033,566	8,347,630	17,048,634	4.50%
2024	3,434,368	5,288,906	8,723,274	12,916,198	4.50%
2025	3,558,940	5,556,881	9,115,821	8,199,339	4.50%
2026	3,687,929	2,840,643	6,528,572	2,840,643	-28.38%
2027	3,821,487	0	3,821,487	0	-41.47%
2028	3,959,777	0	3,959,777	0	3.62%
2029	4,102,959	0	4,102,959	0	3.62%
2030	4,251,208	0	4,251,208	0	3.61%

Notes: Recommended contributions are assumed to be paid on July 1.
Normal cost reflects 3.00% growth in payroll as well as a 0.15% adjustment to reflect the effect of mortality improvement due to the generational mortality assumption.
Projected normal cost does not reflect the future impact of pension reform for future hires.
Projected unfunded actuarial accrued liability does not reflect deferred investment gains.